

UNIFORM BUDGET TEMPLATE & INDIRECT COST RATES



Budget Template & Indirect Cost Rates

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Uniform Budget Template & Indirect Cost Rates

- Getting familiar with the new Uniform Budget Template
- Understanding Indirect Cost Rates



Uniform Budget Template & Indirect Cost Rates

Background:

- Modeled after the SF-524 Federal Budget template
- Budget Subcommittees agreed upon format and major line items
- Ease of “roll-up” to federal budget/reporting

Functionality of forms will continually be enhanced



Uniform Budget Template & Indirect Cost Rates

- General Instructions
- SECTION "A" Summary – State of Illinois Funds
 - ✓ Indirect Cost Rate Information
- SECTION "B" Summary- NON-State of Illinois Funds
- Certification and Signature
- Worksheet & Narrative
- FFATA & Approval Form (if not currently in use by Agency)



Uniform Budget Template & Indirect Cost Rates

SECTION "A" Summary – State of Illinois Funds

- Multiple Year Entry (if applicable)
- Grant amount must equal total cost budgeted
- *Grant Exclusive Line Item*
 - ✓ Program specific items
- Indirect Cost Line information



Uniform Budget Template & Indirect Cost Rates

SECTION "A" (cont.) Indirect Cost Rate Information

- Selection options (1-5)
- How to fill out the Basic Indirect Cost rate information at bottom of the page
- Refers to Line 17 in Section "A"



Uniform Budget Template & Indirect Cost Rates

SECTION "B" Summary – NON-State of Illinois Funds

- Same format design as Section A
- Revenue section for Match requirement should be populated by Agency
 - ✓ Cash and Non-cash (in-kind contributions)
 - ✓ Other contributions including program income
 - ✓ Please review §200.306 "Cost Sharing or Matching"



Uniform Budget Template & Indirect Cost Rates

- Certification and Signature page
- FFATA form (if applicable)

A vertical decorative strip on the left side of the slide, featuring a variety of colorful geometric shapes including triangles, squares, and diamonds in shades of red, yellow, green, and blue.

Uniform Budget Template & Indirect Cost Rates

- Worksheets and Narrative
 - ✓ Provides for JUSTIFICATION of all proposed costs or expenses



Uniform Budget Template & Indirect Cost Rates

- Budget Approval page
 - ✓ Dual approval process
 - ✓ Program review and sign-off
 - ✓ Fiscal & Administrative review and sign-off



Completing a Budget Narrative & Worksheet

- The Budget Narrative and worksheet are used to determine if the costs within the State of Illinois Grant application are reasonable, allocable and consistent.
- All of the proposed costs listed, whether supported by grant funds or match funds, must be reasonable and necessary to achieve project objectives, allocable in accordance with applicable Federal Cost Principles and consistent with all work performed within the organization

Completing a Budget Narrative & Worksheet

- Together the Budget Narrative and Worksheet provides the **JUSTIFICATION** behind the grant request.
- **Reminder:** any format, template, document or table can be submitted as a worksheet and narrative by the Grantee, as long as it justifies all cost proposed within the budget.





Factors affecting allowability of Costs (200.403)

- Be necessary and reasonable for the performance of the award and be allocable under Federal Cost Principles (2 CFR 200).
- Conform to any limitations or exclusions set forth in the principles or in the award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both state and federally financed activities of the non-federal entity



Factors affecting allowability of Costs (200.403)

- Be determined in accordance with generally accepted accounting principles (GAAP)
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period
- Be adequately documented



Reasonable Costs (200.404)

A cost is reasonable if, in its nature or amount, it does not exceed that which would be practical under the circumstances prevailing at the time the decision was made to incur the cost.

- Cost Principles address considerations such as:
 - ✓ whether the cost is necessary for the organization's operations or the grant's performance,
 - ✓ whether the subrecipient complied with its established organizational policies in incurring the cost or charge
 - ✓ whether the individuals responsible for the expenditure acted with due prudence in carrying out their responsibilities to the Federal government and the public at large, as well as to their organization



Allocable Costs (200.404)

A cost is allocable to a specific grant, function, department, or other component, known as a cost objective, if the goods or services involved are chargeable or assignable to that cost objective in accordance with the relative benefits received or other equitable relationship.

- A cost is allocable to a grant if:
 - ✓ The cost is incurred solely in order to advance work under the grant
 - ✓ The cost benefits both the grant and other work of the organization, including other grant-supported projects or programs
 - ✓ The cost is necessary to the overall operation of the organization



BASIC BUDGET DEFINITIONS

Direct Costs

Can be identified specifically with a particular final cost objective (i.e., a particular award, service or direct activity)

Indirect Costs

Incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

- ✓ These costs require a negotiated indirect cost rate (NICRA) for reimbursement



BASIC BUDGET DEFINITIONS

Contract or Subaward:

A contract or subaward under a grant may be awarded for two purposes:

- 1) Goods or services needed to support the grantee's performance of the project or program
 - ✓ “Contractor or Vendor relationship”
- 2) An award to a third party for performance of substantive programmatic work
 - ✓ “Subaward to a Subrecipient or Subgrantee”

The relationship rather than the terminology drives the governing requirements for these two relationships



BASIC BUDGET DEFINITIONS

Contractor (vendor):

An organization who receives funding from the grantee for the procurement of a good or service needed to support the grantee's performance of the project. A Contractor or Vendor relationship is one under which the receiving organization (contractor or vendor):

- ✓ Provides the goods and services within normal business operations or to many different purchasers
- ✓ Operates in a competitive environment
- ✓ Provides goods or services that are supplementary to the operation of the grantee's project
- ✓ Is not subject to federal programmatic compliance requirements.



BASIC BUDGET DEFINITIONS

Subaward to a Subrecipient or Subgrantee:

A third-party individual or organization who receives an award for the performance of certain programmatic work. All Subawards require prior approval (200.456). The receiving organization (Subrecipient or Sub-grantee):

- ✓ Has its performance measured against whether the objectives of the grantee's project are met;
- ✓ Has responsibility for programmatic decision making (to the extent specified in its contract/sub-award);
- ✓ Has responsibility for adherence to applicable grant compliance requirements; and
- ✓ Uses their awarded Federal/State funds in conjunction with a program of the organization as compared to providing goods or services for a program of the pass-through entity.

Contractor vs. Subrecipient Determination

CHARACTERISTICS

Decision Making Authority

200.330 a. 1 Determines who is eligible to receive what Federal assistance;

a. Does the entity determine who is eligible to participate in the federal program?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

200.330 a.3 Has responsibility for programmatic decision making;

a. Does the entity have the ability to make decisions about how services will be delivered to participants, in accordance with federal programmatic requirements?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

OR

200.330 b.4 Provides goods or services that are ancillary to the operation of the Federal program;

b. Does the entity provide goods or services for the recipient's own use?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

b. Does the entity provide services designated by the recipient to serve the recipient's participants without regard to specific federal programmatic requirements?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

If you selected "yes" to **EITHER** item **a**, this is an indicator of a subrecipient relationship.
If you selected "yes" to **EITHER** item **b**, this is an indicator of a contractor relationship.

Subrecipient	Contractor
<input type="checkbox"/>	<input type="checkbox"/>

EXPLANATIONS

If the entity determines whether a participant meets a federal program's eligibility

Nature of Award

200.330 a. 2 Has its performance measured in relation to whether objectives of a federal program were met;

a. Are the scope of work (or portion, if applicable) and terms and conditions of the agreement the same for the entity as they are for the recipient that received the federal funds?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

a. Is the entity carrying out completion of the goal of the grant (or part, if applicable) as stated in the federal award?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

OR

200.330 b.5 Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

b. Does the recipient develop the scope of work and terms and conditions of the agreement to meet the recipient's needs?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

If you selected "yes" to **EITHER** item **a**, this is an indicator of a subrecipient relationship.
If you selected "yes" to item **b**, this is an indicator of a contractor relationship.

Subrecipient	Contractor
<input type="checkbox"/>	<input type="checkbox"/>

EXPLANATIONS

If the entity is providing a service for the recipient to meet the goal of the grant, it is a contractor; if the entity is providing a service that carries out a goal within the scope of the grant, it is a subrecipient. When a grant program contains multiple goals, it is possible for the recipient to complete part of the goals and for the entity to perform another part.

If the scope of the agreement is per the federal program terms/guidance, the entity is a subrecipient. A subrecipient may also provide programmatic or progress reports to ensure compliance with federal program requirements.

Conversely, if the scope of the agreement is per the recipient's terms and not federal program guidance, and if the recipient's oversight is governed only by the contract terms and conditions, it is a contractor.






Budget Review Guidelines

PERSONNEL (200.430)

- ✓ Is each position identified by title or responsibility?
- ✓ Is the identified position occupied, if so is the name of the employee identified?
- ✓ Is the basis for determining each employee's compensation described (annual salary and % time devoted)?
- ✓ Are time commitments and the amount of compensation stated and reasonable?
- ✓ Are any personnel costs unallowable?
- ✓ Does the level of effort of the employee exceed 100% of all work on all projects or positions?



Budget Review Guidelines

Allowable Costs for Personnel 200.430

- Salaries
- Wages
- Director's and executive committee member's fees
- Incentive awards
- Pension plan costs
- Allowances off-site pay
- Incentive pay
- Location allowances
- Hardship pay
- Cost of living differentials
- Vacation pay
- Holiday pay
- Sick leave pay

For most nonprofit service organizations, personnel costs are the largest single cost item in a program budget. State award applicants should be familiar with allowed personnel-related costs per 2 CFR 200.430



Budget Review Guidelines

Fringe Benefits (200.431)

- ✓ Is each type of benefit indicated separately or does the organization have an approved fringe benefit rate (possibly included in NICRA)?
- ✓ Are fringe increases anticipated during the grant period and are they justified?
- ✓ Are any fringe costs unallowable?



Budget Review Guidelines

Allowable Costs for Fringe Benefits 200.431

- FICA and Social Security
- Contributions to Retirement Benefit Plans
- Group Medical Insurance
- Worker's Compensation
- Unemployment Insurance
- Life Insurance
- Other reasonable and customary benefits
- Pensions (see following slide)

Fringe benefits must be specifically identified for each employee and charged as either direct or indirect costs in proportion to how the employee's salary is charged

If an employee's salary is charged as 80% direct and 20% indirect, fringe benefits are also charged at 80% direct and 20% indirect



Budget Review Guidelines

Allowable Costs for Fringe Benefits 200.431

Pension plan costs which are incurred in accordance with the established policies of the non-Federal entity are allowable, provided that:

- ✓ The costs assigned to a given fiscal year are funded for all plan participants **within six months** after the end of that year.

However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 calendar days after each quarter of the year to which such costs are assignable are unallowable.



Budget Review Guidelines



Direct Administrative Costs

Direct charging of such costs is only allowed if **all** of the following exist:

1. Administrative or clerical services are integral to a project or activity
2. Individuals involved can be specifically identified with the project or activity
3. Such costs are explicitly included in the budget or have the prior written approval of the State awarding agency.
4. The costs are not also recovered as indirect costs.

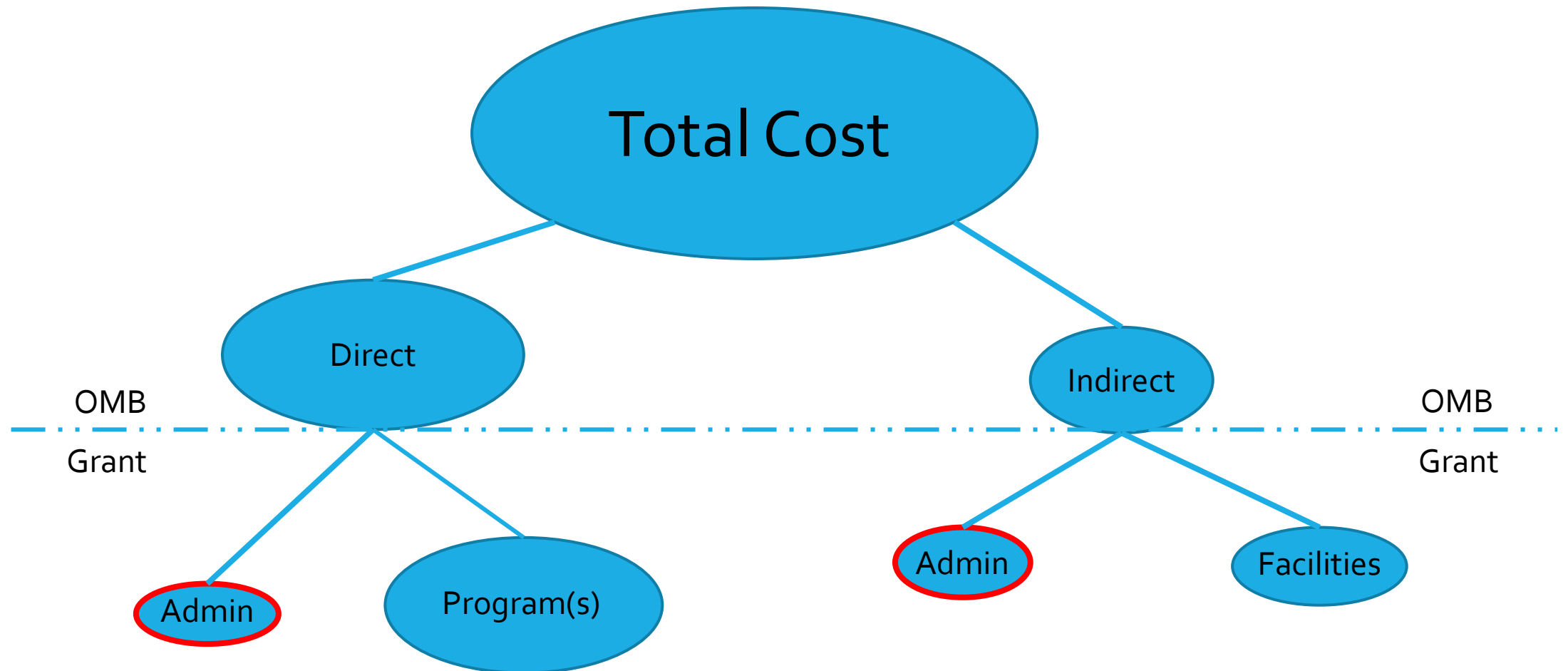


Budget Review Guidelines

Direct Administrative Costs

- ✓ Additional approval may be required
- ✓ Proper justification and narrative are needed for Direct Administrative Costs
- ✓ Be aware that any Federal Administrative caps will include these expenses even if they are approved as direct.

Direct Admin & Indirect Costs





Budget Review Guidelines

Travel:

- ✓ Is the travel necessary for the purpose of the program?
- ✓ Are travel costs separately identifiable and reasonable (transportation, hotel, meals, mileage)?
- ✓ Is the basis for computation provided?
- ✓ Does the organization travel policy follow the Federal/State or Organization's own guidelines approved by the Agency?



Budget Review Guidelines

Equipment

- ✓ Does the equipment have a useful life of more than one year and an acquisition cost of \$5,000 or more?
- ✓ Is the request reasonable and allowable under the project?
- ✓ Are equipment items specified by unit and cost?
- ✓ Are purchases distinguishable from rentals or leases (vehicles, large items of equipment)?

Budget Review Guidelines

Supplies

- ✓ Are supplies listed separately?
- ✓ Are costs per unit identified and detailed?
- ✓ Is the basis for the cost reasonable?
- ✓ Are Computing devices listed here?
(See 200.20 for Computing Devices)





Budget Review Guidelines

Contractual Services & Subawards

- ✓ Has a contractor or subrecipient relationship been determined?
- ✓ Names of the individuals or organizations performing the services
- ✓ A description of the services being contracted or subawarded
- ✓ Unit cost of the services to be purchased



Budget Review Guidelines

Contractual Services & Subawards

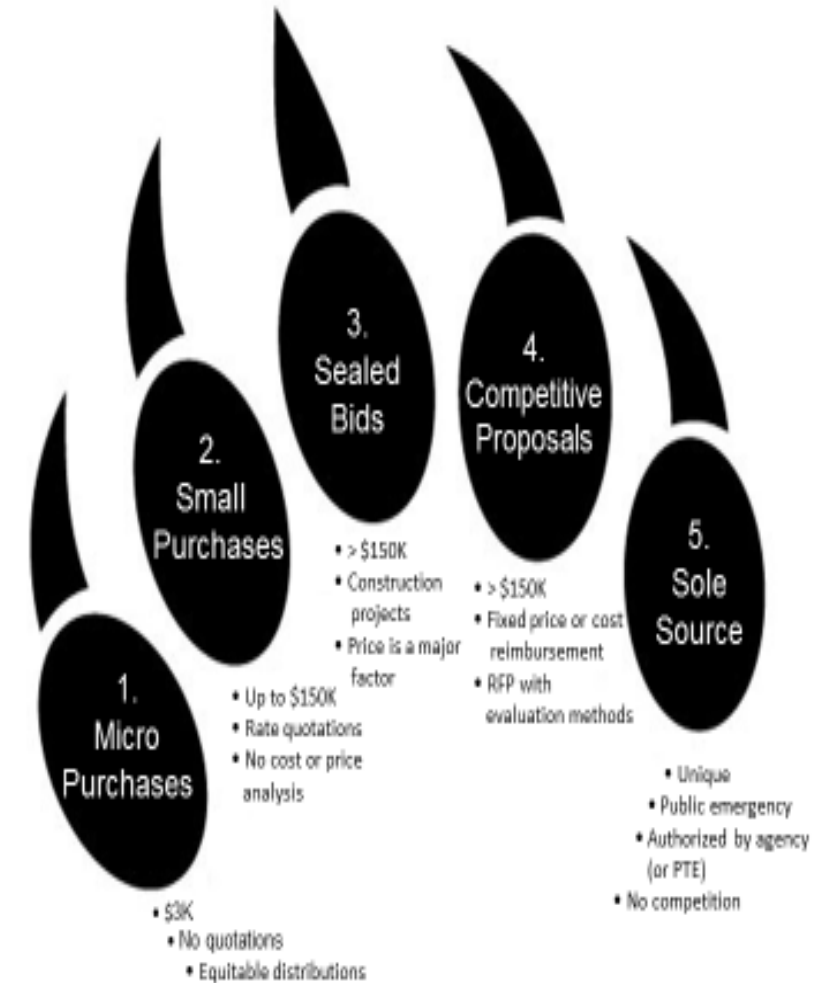
- ✓ Continued number of hours or units of services to be purchased
- ✓ Subawards should be separated or identified differently from contracts
- ✓ MTDC implications for calculating de minimis rate
- ✓ Is there a description of scope of services, performance metrics and signed agreement to conform to 2 cfr 200 (subrecipient monitoring and prior written approval)

Budget Review Guidelines

Contractual:

- ✓ Once budget is approved, remember to review the Grantee's documented procurement procedures that reflect federal law, Uniform Guidance standards, and any state regulations.
- ✓ Be familiar with new changes in 2 CFR 200

Procurement "Claw" (Section 200.320)





Budget Review Guidelines

Consultant:

- ✓ Is there a past pattern of such costs, particularly in the years prior to State award?
- ✓ Are the services rendered not of a continuing nature and have little relationship to work under State awards?
- ✓ Can the services be performed more economically by direct employment rather than contracting?
- ✓ What are the qualifications of the individual(s) rendering the service and are the customary fees charged, especially on non-federally funded activities.



Budget Review Guidelines

Occupancy- Rent and Utilities

- ✓ Is the Occupancy spaced owned by the organization or by the organization's parent or subsidiary company? (depreciation issues, MTDC issues, fair market value issues)
- ✓ Has the number of square feet and cost per square foot of rental space been specified?
- ✓ Is the total area reasonable for the number of Staff and Clients
- ✓ Have shared facilities allocated the rental and utility cost on the basis of square footage used by each program?
- ✓ Have maintenance services, repairs, and insurance been allocated based on a percent of the space occupied by the program?



Budget Review Guidelines

Telecommunications

- ✓ Phone lines and cell phones are items that are generally direct costs.
- ✓ Is there an efficient manner to which the charges are allocated to the program that is being budgeted?
- ✓ Are internet service provider charges allocated by program or charged as an indirect cost?
- ✓ Any communication infrastructure should most likely be itemized in “equipment” line item. Is the breakdown of the new/old infrastructure sufficient?

Budget Review Guidelines

Training and Education

- ✓ Registration fee, training fees, conference fees,
- ✓ Travel expenses related to training and education





Budget Review Guidelines

Other or Miscellaneous Costs

- ✓ Are items grouped by type?
- ✓ Are all costs justified and allowable?
- ✓ Example: Transportation

gas, oil, maintenance, insurance, license, inspection, mileage, Permits, bus tokens



Budget Review Guidelines

GRANT EXCLUSIVE LINE ITEM:

- ✓ Must be cited
- ✓ Must be an intricate line item specific to program and be required to be itemized within the budget
- ✓ To use this budgetary line item, an applicant must have Agency approval.



MATCH Guidelines

Matching usually refers to a statutorily specified percentage

- ✓ Matching is a fixed or minimum percentage of non-State participation in allowable program or project costs that must be contributed by a subrecipient in order to be eligible for State funding.
- ✓ Matching and cost sharing are often used interchangeably
- ✓ Matching or cost sharing is shown in Section B of the Uniform Budget Template and described within the Narrative
- ✓ Please refer to §200.306 Cost sharing or matching



MATCH Guidelines

Cash Match

- ✓ Cash spent for project related costs
- ✓ Matching costs must adhere to Federal rules
- ✓ If not allowed with Federal dollars, not allowable with matching dollars

In-kind Match

- ✓ Is the value of goods and/or services third parties donate for program or project purposes without charge to a recipient

Third party in-kind contributions

- ✓ May satisfy a matching or cost-sharing requirement only when payment for them would be an allowable cost if the party receiving the contributions (recipient, subrecipient, or cost-type contractor) were to pay for them



MATCH Guidelines

- ✓ All costs and contributions used to satisfy a matching or cost-sharing requirement must be documented by the recipient at the same level of detail as Federal and funds
- ✓ Matching contributions are subject to audit



Budget Review Guidelines

Program income

- ✓ If allowable by Federal statute, program income should be included within Section “B”
- ✓ **§ 200.407 Prior Written Approval-** please review all selected items of cost that require prior written approval during the budget review



Budget Review Guidelines

Common errors within a budget

1. Depreciation-Fixed assets (Buildings, equipment, structural repair that was already paid for using grant funds)
2. Personal use items
3. Unallowable costs
4. Direct Costs that should be Indirect costs
5. Charging personal expenses as business expenses against the grant
6. Charging for inflated labor costs or hours
7. Costs on grant applications that are unreasonable and not necessary



Top Ten Reasons Budgets Do Not Clear

- 1) The budget template incomplete and does not equal narrative amounts
- 2) The budget detail worksheet computations are incorrect
- 3) The required match percentage has not been met nor source identified, if applicable
- 4) Unallowable costs are included in the budget detail worksheet
- 5) Required cost breakdown by categories has not been included
- 6) Incomplete budget narrative
- 7) A current approved indirect cost rate negotiated agreement (NICRA) has not been submitted
- 8) If NICRA was submitted the indirect calculation was incorrect
- 9) Statutory requirements were not represented (HHS Salary Cap, Indirect CAP)
- 10) Responses to the initial budget financial review memo were insufficient

Indirect Cost Information

What is an indirect cost rate?

An indirect cost rate is simply a device used for determining the appropriate amount of indirect costs each program should bear.

An indirect cost rate is the ratio between the total indirect expenses and some direct cost base.

Indirect Cost Information

Why does an organization need an indirect cost rate?

The OMB Uniform Guidance explicitly requires pass-through entities (typically states and local governments receiving federal funding) and all federal agencies to reimburse a nonprofit's indirect costs by applying the nonprofit's federally negotiated indirect cost rate, if one already exists. If a negotiated rate does not yet exist, then nonprofits are empowered to request negotiating a rate or elect the default rate or de minimis of 10 percent of their modified total direct costs (MTDC).

Indirect Cost Information

Why does an organization need an indirect cost rate?

An organization must have a negotiated indirect cost rate or elect to use the Federal 10% de minimis rate in order to be reimbursed for any indirect costs within a program.

Indirect Cost Information

What options are available for a Grantee to receive an Indirect cost rate?

1. Current Federally Approved Indirect Cost Rate as a result of being a direct “recipient” from a Federal awarding agency
2. Negotiate a rate with the State of Illinois by first submitting an Indirect Cost Rate Proposal (ICRP) to the State of Illinois’ Centralized Indirect Cost Unit
3. Elect to use the Federal 10% “de minimis” rate of Modified Total Direct Cost (MTDC)
4. Use a “restricted” or “special” rate that is statutorily required within program rules.

Indirect Cost Information

How can a Grantee claim indirect cost reimbursement while a Indirect Cost rate is be negotiated with the State of Illinois' Centralized Indirect Cost Unit?

If eligible, the Grantee can elect to use the 10% de minimis rate to claim indirect costs while a proposal is being reviewed and negotiated.

Once a negotiated rate is approved and accepted by both the Grantee and its Cognizant State Agency it can be used immediately and the de minimis rate will be vacated

- ✓ If a Grantee is **NOT** eligible to elect the de minimis rate, the Grantee will not be allowed reimbursement of indirect costs until a State of Illinois Indirect Cost rate is approved.

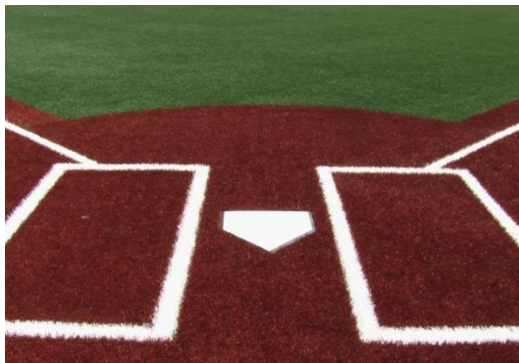
Indirect Cost Information

How can a Grantee claim indirect cost reimbursement while a Indirect Cost rate is be negotiated with the State of Illinois' Centralized Indirect Cost Unit?

1. GATU is currently in discussions with advisory groups consisting of Agency representatives to discuss the reimbursement issue further.
2. Research is currently being conducted for additional options.

Indirect Cost Information

$$\frac{\text{Indirect Cost Pool}}{\text{Direct Cost Base}} = \text{Indirect Cost Rate \%}$$



$$\frac{\text{Indirect Cost Pool}}{\text{Direct Cost Base}} = \text{Indirect Cost Rate \%}$$

After School

\$30,000 in the
Indirect Cost Pool

\$200,000 in Direct
Salaries and Wages

=15%

Food Bank

\$30,000 Indirect
Cost Pool

\$700,000 Total
Direct Costs

=4.3%

$$\frac{\text{Indirect Cost Pool}}{\text{Direct Cost Base}} = \text{Indirect Cost Rate \%}$$

\$30,000 in the
Indirect Cost Pool

\$200,000 in Direct
Salaries and Wages

=15%

\$30,000 Indirect
Cost Pool

\$700,000 Total
Direct Costs

=4.3%

$$\frac{\text{Indirect Cost Pool}}{\text{Direct Cost Base}} = \text{Indirect Cost Rate \%}$$

15% S & W

4.3% TDC

\$100,000 Award

\$100,000 Award

SO.....

$$\frac{\text{Indirect Cost Pool}}{\text{Direct Cost Base}} = \text{Indirect Cost Rate \%}$$

15% S & W

\$100,000 Award

\$20,000 S&W

= \$3,000 Indirect Cost
Reimbursement

4.3% TDC

\$100,000 Award

\$80,000 TDC

= \$3,440 Indirect Cost
Reimbursement

Using an Indirect Cost Rate for reimbursement

Once a Grantee has acquired a rate or elected to use the de minimis rate, the Grantee will multiply the rate (%) allowable by the appropriate base.

$\text{Rate} \times \text{Base} = \text{Maximum amount to be reimbursed for indirect costs}$

Example: 15% is the approved rate

Salaries & Wages is the distribution base on which the rate was calculated

$15\% \times \text{Salaries \& Wages for the Program} = \text{amount to be reimbursed}$

Using an Indirect Cost Rate for reimbursement

Rate x Base = Maximum amount to be reimbursed for indirect costs

Example: **15%** is the approved rate

Salaries & Wages (S & W) is the distribution base on which the rate is calculated

Grantee "A" has 3 programs with the State of Illinois

Programs	15% Rate	Salaries & Wages	Reimbursement per program
Program 1	15%	\$100, 000	\$15,000
Program 2	15%	\$50,000	\$7,500
Program 3	15%	\$25,000	\$3,750

Using an Indirect Cost Rate for reimbursement

Rate x Base = Maximum amount to be reimbursed for indirect costs

Example: **12%** is the approved rate

Total Direct Costs (TDC) is the distribution base on which the rate is calculated

Grantee "A" has 3 programs with the State of Illinois

Programs	12% Rate	Total Direct Costs (TDC)	Reimbursement per program
Program 1	12%	\$200,000	\$24,000
Program 2	12%	\$150,000	\$18,000
Program 3	12%	\$70,000	\$8,400

Using an Indirect Cost Rate for reimbursement

Rate x Base = Maximum amount to be reimbursed for indirect costs

The de minimis rate uses 10% of Modified Total Direct Costs (MTDC)

Example: **10%** is the approved rate

MTDC is the distribution base on which the rate is calculated

Before we see an example using the 10% de minimis rate, let us review what the Modified Total Direct Cost (MTDC) base entails. (200.68)

NOTE: The de minimis rate can only be applied to the MTDC

Using an Indirect Cost Rate for reimbursement

Agency representatives may be thinking...

Why is this important to my program?



The Indirect Cost calculation must be justifiable prior to approval

Steps in calculating the MTDC

- ✓ Identify Direct and Indirect Costs
- ✓ Separate unallowable cost (both direct and indirect)
- ✓ Identify costs that must be excluded from the MTDC base
- ✓ Calculate the MTDC base



NOTE: The de minimis rate can only be applied to the MTDC base

MTDC Calculation (200.68)

INCLUDED IN THE (MTDC) base:

- Project Personnel Salaries and Wages
- Fringe Benefits
- Materials and Supplies
- Computing Devices with a per unit cost of less than \$5,000 USD
- Vendor Service Contracts/Consultant Fees
- Travel
- Subawards and Subcontracts up to \$25,000 USD (**remainder is exempt from Indirect Cost Rate Calculation**)

NOTE: The de minimis rate can only be applied to the MTDC base

MTDC Calculation (200.68)

COSTS TO BE EXCLUDED FROM THE (MTDC) base:

- Individual items of special purpose capital equipment with a per unit cost of \$5,000 or more
- Capital Expenditures (buildings, land, office equipment and furnishings, alterations and renovations; telephone networks, and motor vehicles)
- Rental Fees and Maintenance Costs related to rental property
- Student Tuition Remission and Student Support Costs (student aid, stipends, dependency allowances, scholarships, and fellowships)
- Participant Support Costs
- **That portion of each Subcontract and Subaward exceeding \$25,000 USD (regardless of the period of performance of the Subaward and Subcontract)**

Example 10% de minimis calculation

<u>Program A</u>	<u>Budget</u>
Salaries & Wages	\$100,000
Fringe Benefits	\$50,000
Travel	\$10,000
Materials & Supplies	\$20,000
Subaward (1)	\$100,000
Equipment	<u>\$10,000</u>
Total Direct Costs	\$290,000

NOTE: The de minimis rate can only be applied to the MTDC base

Example 10% de minimis calculation

<u>Program A</u>	<u>Budget</u>
Salaries & Wages	\$100,000
Fringe Benefits	\$50,000
Travel	\$10,000
Materials & Supplies	\$20,000
Subaward (1)	\$100,000
Equipment	<u>\$10,000</u>
Total Direct Costs	\$290,000
Less (Subcontract over \$25,000)	(\$75,000)
Less Equipment	(\$10,000)
Modified Total Direct Cost (MTDC)	\$205,000

NOTE: The de minimis rate can only be applied to the MTDC base

Example 10% de minimis calculation

<u>Program A</u>	<u>Budget</u>
Salaries & Wages	\$100,000
Fringe Benefits	\$50,000
Travel	\$10,000
Materials & Supplies	\$20,000
Subaward (1)	\$100,000
Equipment	<u>\$10,000</u>
Total Direct Costs	\$290,000
Less (Subaward over \$25,000)	(\$75,000)
Less Equipment	(\$10,000)
Modified Total Direct Cost (MTDC)	\$205,000
10% de minimis rate of (MTDC)	\$20,500

\$20,500 is the maximum amount allowable for indirect costs for the program under the de minimis rule.

Combined approved budget should be:

Total Direct \$290,000
+ Indirect \$20,500
\$310,500

NOTE: The de minimis rate can only be applied to the MTDC base

Fiscal Review

Why this is important for Budget Approval? Verify The Computation!

Section A- Indirect Cost Information

Basic Negotiated Indirect Cost Rate Agreement information if Option (1) or (2a) is selected	Period Covered by the NICRA: From: 1/1/16 To: 1/1/18 (mm/dd/yyyy)									
	Approving Federal/State agency (please specify): Dept of Navy									
	The Indirect Cost Rate is (12.5 %) The Distribution Base is: (Salries & Wages and Fringe Benefits)									

Section A- State of Illinois Funds

17. Indirect Costs* (see below)	200.414	\$	11,363
Rate: 12.5 % Base: S&W +Fringe Benefits			

Types of negotiated rates

Please refer to the Dept. of Labor Indirect Cost Determination Guide provided as a handout for more information regarding types of indirect cost rates including:

1. Provisional rate or billing rate
2. Final rate
3. Predetermined Rate
4. Fixed Rates with carry-forward
5. De Minimis

Fiscal and Grantee Training

Grantee training will be offered through the Centralized Indirect Cost Unit (Vendor) on how to complete and submit an Indirect Cost Rate Proposal

GATU will also provide further training to the Grantee community regarding the Uniform Budget Template with supplemental information regarding Indirect Cost Rate policies and procedures for the State of Illinois.

GATU will also be developing an in-depth training module geared toward Agency Fiscal representatives. The training curriculum will cover:

1. Analyzing Indirect Cost Rate special conditions
2. Understanding Federal restrictions (both Administrative and Indirect)
3. Reviewing additional rate and base methodologies

Indirect Cost Rate and Budget Template

Questions

OMB.GATA@illinois.gov

